

IOWA FINANCE AUTHORITY[265]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 17A.3(1)“b,” 16.5(1)“r,” and 16.5(1)“m,” the Iowa Finance Authority hereby amends Chapter 27, “Military Service Member Home Ownership Assistance Program,” Iowa Administrative Code.

The purposes of these amendments are to bring the rules relating to the Military Home Ownership Assistance Program into compliance with 2014 Iowa Acts, Senate File 303, section 55, and to clarify related provisions of the rules.

Notice of Intended Action was published in the Iowa Administrative Bulletin on September 3, 2014, as **ARC 1594C**. These amendments were also Adopted and Filed Emergency and published in the Iowa Administrative Bulletin on September 3, 2014, as **ARC 1595C**.

The Authority received no public comment on the proposed amendments and made no revisions to the amendments published under Notice.

The Iowa Finance Authority adopted these amendments on December 10, 2014.

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code section 16.54.

These amendments will become effective on March 11, 2015, at which time the Adopted and Filed Emergency amendments are hereby rescinded.

The following amendments are adopted.

ITEM 1. Amend the following definitions in rule **265—27.2(16)**:

“*Eligible service member*” means a person purchasing his or her primary residence in the state of Iowa who, at the time of applying application for a grant under the program, (1) is or was, if discharged under honorable conditions, a member of the national guard, reserve, or regular component of the armed forces of the United States under Title 10 or Title 32 and has served at least 90 days of active duty service, other than training, beginning on or after September 11, 2001, ~~and, if no longer in active service, was discharged in character other than dishonorable~~ or during the period of the Persian Gulf Conflict, beginning August 2, 1990, and ending April 6, 1991; (2) was honorably discharged due to injuries incurred while on active federal service beginning on or after September 11, 2001, or during the period of the Persian Gulf Conflict, beginning August 2, 1990, and ending April 6, 1991; or (3) is a surviving spouse of a service member who met the eligibility criteria of (1) or (2) above.

“*Participating lender*” means a lender approved for participation in one or more of the authority’s first mortgage financing home buyer programs ~~and a lender approved to facilitate loans under the military home ownership assistance program only~~. Eligible home buyer program participating lenders are those that make available the authority’s home buyer program to customers in the same manner as other mortgage loan programs. ~~This requirement applies to branch and affiliate organizations that facilitate mortgage financing with the military assistance. The authority may require participating lenders to provide evidence of proof of compliance, such as origination of mortgage loans made pursuant to one or more of the authority’s home buyer mortgage programs or mortgage rate sheets evidencing availability of the authority’s mortgage programs.~~ The authority maintains a list of participating lenders on its Web site: www.iowafinanceauthority.gov.

“*Qualified mortgage*” means a permanent mortgage loan made pursuant to one of the authority’s home buyer mortgage programs unless the lender offers a lower annual percentage interest rate (APR), fixed-rate, fully amortizing first mortgage ~~or, in cases where the home buyer is not eligible for standard 30-year, fixed-rate FHA, RD, VA, Fannie Mae, or Freddie Mac mortgage financing, any permanent, fully amortizing mortgage loan made by a participating lender with a maturity date of not less than five years.~~ meeting the requirements of paragraph 27.3(2)“a.” The authority’s home buyer mortgage program information may be obtained on the authority’s Web site at www.iowafinanceauthority.gov.

ITEM 2. Adopt the following new definition in rule 265—27.2(16):

“Facilitating lender” means a lender that is not a participating lender but that is approved by the authority to make loans under the military home ownership assistance program pursuant to Iowa Code section 16.54(5) and subrule 27.3(7).

ITEM 3. Amend subrule 27.3(2) as follows:

27.3(2) *Financed home purchases.*

a. In the case of the purchase of a qualified home that is to be financed, the eligible service member must apply for assistance under the program through a participating lender or a lender approved to facilitate MHOA assistance. The mortgage financing provided shall be a mortgage loan made pursuant to one of the authority’s home buyer mortgage programs if the service member qualifies for it; provided, however, that notwithstanding the foregoing, a service member may utilize a mortgage loan that is not made pursuant to one of the authority’s home buyer mortgage programs ~~which is from a lender approved to facilitate MHOA assistance if:~~

(1) ~~such~~ Such mortgage loan is offered by either:

1. A lender that participates in one of the authority’s first mortgage financing programs, or

2. A lender approved pursuant to Iowa Code section 16.54(5); and

(2) The authority determines that the offered financing would be economically feasible and financially advantageous for the eligible service member. The authority shall presume an offer of financing to be financially advantageous for the eligible service member if the offered financing has an annual percentage rate that is at least 25 basis points lower than the most nearly equivalent loan offered by participating lenders on the same date pursuant to one of the authority’s home buyer mortgage programs.

If the service member does not qualify for one of the authority’s home buyer mortgage programs, another permanent, fixed-rate, fully amortizing mortgage loan may be used.

b. To apply for the military assistance, the eligible service member shall provide the lender with all of the following:

(1) Status documentation;

(2) A bona fide purchase agreement with any addenda or attachments for a primary residence;

(3) A complete loan application on Form 1003;

(4) A copy of a government-issued photo identification card or a lender certification that a government-issued photo identification card has been provided;

(5) A copy of the subject appraisal; and

(6) Documentation that demonstrates the home will be occupied as a primary residence.

c. The eligible service member shall assist the participating lender in completing an MHOA application on a form approved by the authority stating the amount of the assistance being requested. In the event the service member is not using one of the authority’s mortgage programs, the request submission must include early truth-in-lending and good-faith estimate disclosures, ~~and, if the service member is not eligible for a 30-year, fixed-rate mortgage loan, the request submission must also include fully amortized financing and information documenting ineligibility for FHA, VA, RD, Fannie Mae or Freddie Mae financing.~~

d. No change.

ITEM 4. Amend subrule 27.3(7) as follows:

27.3(7) *Approval process for facilitating lender status.* ~~An~~ Pursuant to Iowa Code section 16.54(5), an Iowa-regulated or federally regulated lender with a physical location in the state of Iowa may submit an application to the authority for approval, even if such lender does not participate in the authority’s home ownership programs for home buyers. The application shall include a written request to be approved as an MHOA facilitating lender, a check for \$500 payable to the authority, a narrative describing the lender’s mortgage origination process, including mortgage loan products offered through the lender, documentation of Iowa or federal regulation showing that the applicant is in good standing, an errors and omissions insurance declaration evidencing coverage of at least \$300,000, and a completed electronic funds transfer form. Lenders should allow a minimum of two weeks’ response time from the authority.

The approval to be a facilitating lender shall be valid for one year, and lenders annually will need to submit an application, including the application fee. The application fee may not be charged in part or in full to a service member or to a property seller. Any approval granted pursuant hereto shall be contingent upon the approved lender's offering eligible service members a lower annual percentage rate than the annual percentage rates available at such time from lenders that participate in the authority's first mortgage financing programs.

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 2/4/15.